

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION
 REGULAR MEETING, HELD ON THURSDAY, NOVEMBER 17, 2022 AT 6:00 P.M.
 LEDUC GOLF CLUB, 5725 BLACK GOLD DRIVE, LEDUC, AB T9E 8C4**

1. CALL TO ORDER

Chair Bill Daneluik called the meeting to order at 6:05 p.m.

PRESENT:	Mayor Bill Daneluik Councillor Steven vanNieuwkerk Councillor Krista Gardner Councillor Don Faulkner Councillor Lars Hansen Councillor Beverly Beckett Councillor Doug Lyseng Councillor Jordon Banack Deputy Mayor Clifford Heinz Councillor Paul Patterson Councillor Kelly-Lynn Lewis Councillor Rick Smith Councillor Mathew Starky	City of Beaumont City of Beaumont Town of Calmar Town of Calmar City of Leduc City of Leduc Camrose County Camrose County Village of Hay Lakes Village of Hay Lakes Leduc County Leduc County Town of Millet
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ALSO PRESENT:	Mayor Ron These Roger Steele, Manager, Technical & Utilities Shawn Olson, Commission Manager Rick Sereda, Operations Manager Lauren Padgham, Treasurer Elie Klimp, Accountant Pamela Regier, Project Manager Mark D'aoust, Commission Technician Shannon Bremner, Recording Secretary Katherine O'Dwyer, Recording Secretary Des Mryglod, Director of Engineering	Village of Hay Lakes EIA City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc Leduc County
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WITH REGRETS:	Councillor Ashley Miller Mayor Doug Peel Councillor Kevin Hycha Councillor Lana Broker Kristofer Johnson, GM, Infrastructure	City of Beaumont Town of Millet City of Camrose City of Camrose City of Camrose
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concerned with slope stability adjacent to the highway. This has since been provided and they have advised they have all the information they require at this time.

A Memorandum of Agreement has been drafted for the EPCOR connections. EPCOR has no issues with the connection details provided as part of the MOA and there are a few clauses that need revision before it is ready for execution. RMRF has provided their review comments which were forwarded to EPCOR.

Agreements have been signed with both FORTIS and ATCO to relocate their overhead power lines and gas cabinets respectively. Crossing and proximity agreements are in place with Keyera, ATCO, TELUS, FORTIS and EPCOR.

Leduc County issued the Development Permit for the project on September 22, 2022. The contractor will be responsible for the Building Permit application as part of their contract.

In summary, the working space agreement needs to be signed on the west side of the highway, the crossing agreement with Alberta Transportation for the lines under the highway are required, and EPCOR needs to sign off on the connection details, otherwise land issues are resolved. All those outstanding items are agreed to in principle. As such this is not anticipated to result in construction delays.

Design & Procurement

Procurement for the project commenced over the summer with a two-stage procurement process. The first stage prequalified the top four scoring respondents that met the requirements of the prequalification which included Graham Infrastructure LP, Sure-form Contracting, Maple Reinders Constructors Ltd., and PCL Construction Management Inc. These respondents were invited to submit tenders for the Invitational Tender which was posted on September 20, 2022. There was a mandatory pre-bid meeting held on October 4, 2022. PCL Construction Management Inc. did not have staff present at the meeting and as such were disqualified from the tender process. The tender period was originally scheduled for a 4-week period closing on October 20, 2022. Six addenda were issued over the course of the tender with extensions being granted and the project closing on November 2, 2022.

Associated Engineering (AE) reviewed the three bids received and provided their recommendation for the project on November 4, 2022. The low bid was received from Maple Reinders in the amount of \$17,255,780.00. Project complexity increased during design, most notably with the highway crossings due to the

mandate is to partner and invest in infrastructure that is revenue generating and that it is not a grant program. AE advises that CIB's minimum investment target is \$25M, meaning the total capital cost would need to be greater than \$50M to qualify. The email from Associated Engineering was attached for reference.

Beaumont Piping Upgrades

Associated Engineering requested quotations for this work from four contractors on August 25, 2022. A mandatory site review meeting was held on September 6, 2022 with the tender closing on September 15, 2022. Only a single bid in was received in the amount of \$289,000 that was determined by AE to be noncompliant. With no compliant bids received for the work, the project scope was added as a provisional scope to the Nisku Booster Station tender via an Addendum. It was added as a provisional scope so that the Commission had the opportunity to delete the scope should it come in significantly over budget as the budget for the project is only \$125,000. The tender period for the Nisku Booster Station closed on November 2, 2022. The contractor that had the compliant low bid is Maple Reinders. Their cost for the provisional Beaumont scope is \$103,300 (other two bids were \$231,600 and \$283,204), which demonstrates we were successful in leveraging economies of scale. Administration is recommending a budget increase to \$165,000 for this project scope which includes the construction management costs from Associated Engineering and project contingency. This amount has been included in the 2023 budget that was presented under business item 05B. Maple Reinders has the project scheduled for fall of 2023 as the work was not permitted to impact water service delivery during the peak summer months.

Management and Operations Contract RFP

Administration drafted the Management and Operations contract which was reviewed by Reynold's Mirth Richards Farmer LLP on the Commission's behalf. Their comments were incorporated into the contract which was then circulated to the City of Leduc for review and execution on October 28, 2022. Signed copies of the Agreement from the City of Leduc were presented to the Chair for signature at the meeting.

Camrose County Bylaws

Administration previously reported in the September 15, 2022 Manager Report of submitting a letter to Camrose County detailing Commission concerns with Bylaw as it pertained to redistricting Pt. NE-11-48-21-4 from A-Agricultural to RCI-Rural Commercial Industrial, with an intent to permit for an RV storage business. The concerns outlined were that the Commission strongly opposed RV's parked on top of or within 10m of the transmission main as they would impede the

On October 6, 2022, the RWCG sent a letter to EPCOR advising that they support the interim rate of \$1.01/m³ for 2023, subject to year-end true up. The letter was attached for reference.

On October 19, 2022, the RWCG requested the Commission's current five-year consumption forecast for 2023-2027 to share with EPCOR in relation to the Water Supply Agreements and the purpose of infrastructure planning. Administration provided this information on October 27, 2022.

WEFTEC

Several members of the Commission Board, Administration, and the City of Leduc attended the Water Environment Federation's Technical Exhibition and Conference (WEFTEC) on October 8 - 12, 2022. There were an abundance of lectures, workshops and exhibits facilitated by water professionals and organizations worldwide which provided for a week of fantastic learning opportunities. Attendees were encouraged to share any highlights with the Board in a roundtable format.

The following insights were shared from Administration and Board members that attended the WEFTEC conference.

- Opportunities for improved economies of scale often occur through combining project work. Prince George provided an example where they used the opposite approach of breaking a project down into 100 smaller scoped projects, in an effort to increase contractor diversity and inclusion. This approach provided greater opportunity for smaller firms to bid.
- The courses for Public Officials were unfortunately tailored towards funding opportunities in the United States, as opposed to Canada.
- The trade show was extremely interesting, featuring diverse water infrastructure technology, many of which were Canadian companies.
- The situation in Las Vegas, where Lake Mead has lost 75 feet of water in recent years, brings awareness to the value of water as a natural resource. Some states such as California have introduced legislation requiring all new developments to utilize artificial turf in an effort to reduce water use due to depleting water supply.
- There was a session regarding effective water use, highlighting opportunities to capture and utilize stormwater as a free resource that does not require water treatment for some uses.
- There is new robotic technology available to reduce expenses relating to reservoir maintenance and assessments, reducing the need for manual labour such as professional divers. The Commission may investigate this technology, such as robotic vacuums to clean the bottom of reservoirs.

Water sales and purchases

- Both water sales and purchases are slightly over budget at 9%. To date the Commission has recorded a line loss of 2.86%.
- Recap of Water Sales to Purchases
 - September water sales shows that the CRSWSC has sold 1,930 m³ more than purchased. This is the result of EPCOR reading the meter one day earlier than the CRSWSC. The agreed upon date is to read on the 2nd last business day of the month. EPCOR recognized September 30, 2022 as a holiday while the CRSWSC/City of Leduc did not which resulted in this timing difference.

Revenue Variances

- Interest earned exceeds the budget for the year due to interest earned on investments and bank deposits. Investment and bank balances will begin to decline as capital spending increases in the upcoming year.

Expenditure Variances

- Legal fees are under budget with 78% of the budget remaining.
- Audit Fees are under budget as audit fees are booked at year end.
- Debenture interest and principal payments are made in June and December therefore only the June payment has been recorded to date.
- Seminars & Conferences is at 79% due to the carryforward of the prior year budget and the number of conferences attended by the Board and Administration to date.
- Computer Maintenance & Supplies is slightly over budget due to flow control issues at Robinson, Armena and Nisku West, SCADA phone issues controls and a cellular/Scada integration for Ohaton.

Capital Expenditures

Capital expenditures are below budget with 90% of the overall budget remaining due to timing of capital projects and spanning multiple years. The following projects are being carried forward into the 2023 budget:

- 2017.002 Air Release Manhole Rehab
- 2019.002 Beaumont Piping Upgrades
- 2021.001 Nisku Booster Station

2022 Water Consumption

Water sales and purchases are over budget to date and are forecasted to be for the year. The report titled *2022 Water Sales and Expenditures Projections* shows the impact of water sales and purchases to October 31, 2022 in comparison to budget. It also shows the projections for year end.

Based on current consumption, it is projected that water sales will be an estimated \$915K over budget for the year and purchases will be over budget by an estimated \$571K for a projected net increase on operating surplus of \$343K.

Water Flat Rates – Debenture Proceeds

Debenture proceeds charged to the member municipalities has remained the same as the 2022 budget of \$93,903. The 2023 budget is based on actual debenture payments (including principal & interest) for two debentures.

Interest

The 2023 budget is consistent with 2022 and interest revenue is transferred to the Future Water Capacity reserve. 2024 and 2025 there is a decrease in investment interest revenue to reflect the Commission drawing funds to pay for the Nisku Booster Station.

Drawn from Operating Reserves

The drawn from operating surplus budget is consistent with 2022. \$35,000 is to offset the carry forward for unused Board Member seminar and conference funds based on the *Board & Administration Training & Development Policy*. \$10,000 is to offset the carry forward for Administration. The additional \$50,000 is to fund emergency repairs and offsets the increase in Line Maintenance.

Expenditures

- Operational and management contracts are as per contractual agreements.
- Legal fees decreased based on review of actuals to align closer to the needs of the Commission.
- Audit fees are based on the fee schedule provided by the Commission's auditor, MNP LLP. There is an increase to 2023 due to a new auditing standard CAS 315 and inflation.
- Debenture payments expense (interest + principal) have remained the same at \$93,303. The 2023 budget is based on the debenture schedules for both debenture 4000845 at \$68,742 annually & 4002395 at \$25,161 annually.
- Water Purchases –The Regional Water Customers Group has set the rate for \$1.01/m³ for the 2023 year. The water rate has been held at \$1.01 as the balancing fund has increased to a substantial size so with keeping the rate the same the goal is to utilize the funds in the balancing fund.
- Power and gas budgets are consistent with 2022 but there is a marked increase in 2024 to account for increases for the Nisku Booster Station.
- The Seminars & Conferences budget for 2023 is \$90,000 and this is a result of a carry forward of \$35,000 from 2022 as per the Board & Administration Training and Development Policy and the carry forward of the unused budget of \$10,000 for Administration. The carry forward is funded through the operational reserve.
- All other expense line items have remained unchanged or have not changed by material amounts.

Transfer to Reserves

Operating

- Transfer to General Operations Reserve 2023 & 2024 0.02/m³, 2025 – 0.01/m³

7. NEW BUSINESS

There were no new business items presented.

8. NEXT MEETING

The next meeting of the Capital Region Southwest Water Services Commission is scheduled for January 19, 2023.

9. ADJOURNMENT

48-22 **Motion:** It was **Moved** by Chair Bill Daneluik to adjourn the meeting at 6:50 p.m.

Motion Carried Unanimously



CHAIRMAN



MANAGER